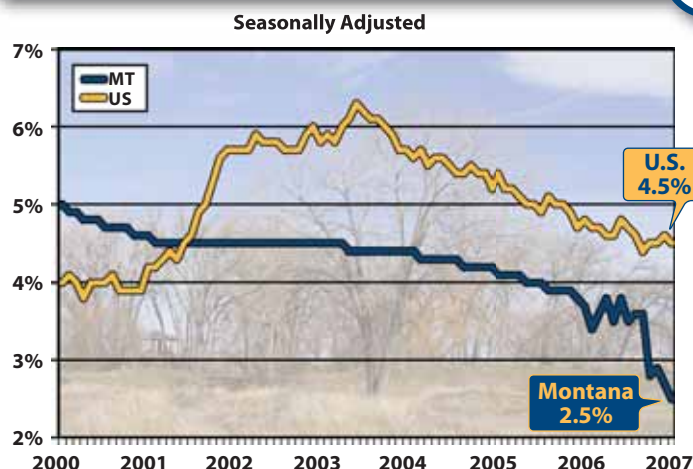


Montana Economy at a Glance

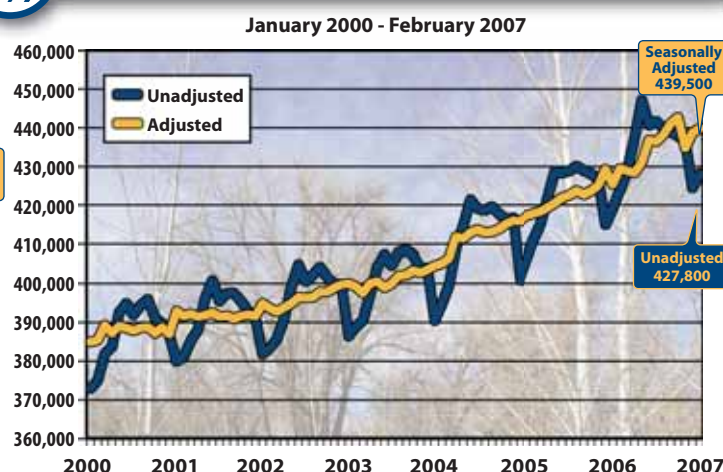
UNEMPLOYMENT RATE



NONFARM EMPLOYMENT



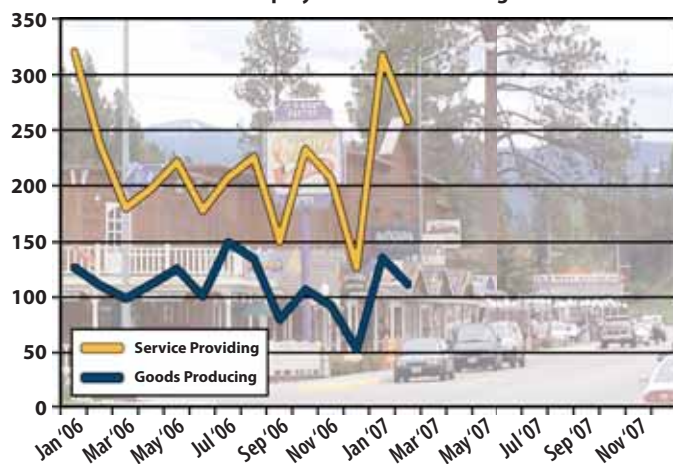
Montana's seasonally adjusted unemployment rate decreased to 2.5% in February 2007 from 2.7% in January. The U.S. rate decreased slightly to 4.5% from 4.6% over the month.



Montana's seasonally adjusted nonagricultural payroll employment increased by 1,100 jobs (0.3%) from February to January 2007. Manufacturing and Total Government showed the largest increases, each gaining 300 jobs over the month.

NEW BUSINESS STARTS

Source: Unemployment Insurance Program



There were 369 new business starts in February this year, compared to 347 in February 2006. Yellowstone and Gallatin Counties made up almost a third of the new business with 107 combined startups.

EMPLOYMENT BY INDUSTRY

Industry Employment (in thousands)	Feb.(P) 2007	Jan. 2007	Net Change	Percent Change
Total Non-Agricultural	439.5	438.4	1.1	0.3%
Natural Resources & Mining	8.5	8.5	0.0	0.0%
Construction	31.0	30.8	0.2	0.6%
Manufacturing	21.0	20.7	0.3	1.4%
Trade, Transportation, Utilities	90.2	90.0	0.2	0.2%
Information	8.0	8.0	0.0	0.0%
Financial Activities	22.8	22.8	0.0	0.0%
Professional & Business Services	40.5	40.5	0.0	0.0%
Education & Health Services	57.9	57.8	0.1	0.2%
Leisure & Hospitality	55.4	55.4	0.0	0.0%
Other Services	17.2	17.2	0.0	0.0%
Total Government	87.0	86.7	0.3	0.3%

(P) denotes preliminary figures



Labor Force Outcomes of Montana's Ex-Offender Population

By Brad Eldredge Ph.D.

Montana's tight labor market just keeps getting tighter. This month's unemployment rate estimate came in at 2.5%, the lowest level in the 32 year history of the data series. The December 2006 *Economy at a Glance* featured an article by Annette Miller which highlighted ex-offenders as one sub-population that could provide workers to Montana businesses looking for help in the context of the current labor shortage. This month's *EAG* follows up on the December article by providing preliminary results of a study of the labor market outcomes of recently released ex-offenders in Montana.

The research presented in this article results from a cooperative agreement between the Montana Department of Labor and Industry and the Montana Department of Corrections. This agreement allows researchers to ascertain whether ex-offenders show up in the state's unemployment insurance records. The majority of Montana jobs (about 68%) are covered by unemployment insurance. Jobs not covered include most agricultural employment, railroad employment, self-employment, clergy, and student workers. The propensity of ex-offenders to show up in the state's unemployment insurance (U.I.) file is therefore a good indicator of their overall ability to re-assimilate into the labor market and society.

Figure One: Percentage of Ex-Offenders Employed by Quarter and Year, 2005



Source: Montana Dept. of Labor and Industry and Department of Corrections
Prepared by: Montana Dept. of Labor and Industry, Research & Analysis Bureau

We checked all ex-offenders released between 2002 and 2004 to see if they appeared in the 2005 U.I. file. Figure One shows the percentage of this group of ex-offenders found in each of the four quarters during 2005. The last bar represents the percent of ex-offenders who worked in all four quarters of 2005. In any given quarter, around 30% of the ex-offenders held a job covered by U.I. in 2005. An even smaller percentage (18.5%) was employed consistently in all four quarters. There are various reasons why ex-offenders might not appear in the U.I. file. They could be self-employed or employed in agriculture, they could be unemployed or perhaps not participating in the labor force at all, they could have moved to another state, or they could have re-offended and been placed back in the justice system. While this particular data set does not allow us to uncover why ex-offenders are not in the U.I. file, the low percentage of ex-offenders who appeared in all four quarters suggests that many ex-offenders likely have a difficult time re-assimilating into the labor force after a period of incarceration.

The data does allow us to look at employment outcomes for those who do have a job covered by U.I. We tabulated the annual wages of ex-offenders employed in all four quarters and compared them to the average wages of all covered employment in 2005. Ex-offenders earned on average \$20,642 in 2005. This compares to a statewide average wage per job of \$29,155. In other words, ex-offenders only made about 71% of the average wage earned in a Montana job.

We also looked at the industries that employed the subset of ex-offenders who were consistently employed. The results suggest that some industries employ a disproportionate number of ex-offenders. Table One shows the number of ex-offenders employed in each of the twenty broadest industry classifications in 2005, and the percent of total jobs in each industry filled by ex-offenders. In terms of absolute numbers, the Accommodations and Food Services industry is the largest single employer of ex-offenders. About 360 ex-offenders had jobs in this industry. Construction also employed a relatively large number of ex-offenders (265). Administrative and Support Services employed the highest concentration on ex-offenders, which made up nearly 1% of the industry's total workforce. Construction and Accommodations and Food Services also had high concentrations of ex-offenders. At the other end of the spectrum, ex-offenders accounted for a very low

percentage of the Management of Companies, Government, and Utilities industries. The data suggest that barriers to re-entry into employment are higher in some industries than in others, either because these industries require security and background check, have legal restrictions that prevent them from hiring ex-offenders, or require different skill sets than many ex-offenders possess.

Combining U.I. data with data on ex-offenders also allows us to look at where ex-offenders work by county. The data is somewhat limited in that it is impossible to pinpoint the location of workers who are employed by businesses with locations in more than one county. Overall, we could determine the location of 1,279 of the 1,598 jobs held by ex-offenders in 2005. Figure Two shows the percentage of each county's total jobs filled by ex-offenders. Counties with the largest percentage of their total jobs filled by ex-offenders include Jefferson, Cascade, Petroleum, Silver Bow and Wheatland. Nine small counties had no ex-offenders in any of their U.I. covered jobs. Several factors could contribute to a county having a high percentage of jobs filled by ex-offenders. Counties where ex-offenders have previous links, counties with pre-release programs, and counties with job opportunities in industries with high concentrations of ex-offenders all would be expected to have higher than average ex-offender jobs. Without additional data, it is impossible to tell the relative impact of each of these factors on the results presented in Figure Two.

This article has presented some very preliminary data on the workforce outcomes of the ex-offender population. The data indicate that the majority of prisoners released between 2002 and 2004 were not employed in jobs covered by U.I. in all four quarters of 2005. Those that were employed earned only 71% of the Montana average wage per job. A disproportionate share of ex-offenders who were working were concentrated in a few industry sectors. Employed ex-

Table One: Ex-Offender Employment by Industry, 2005

Industry	Average # of Ex-Offenders Employed	Total State Employment	% of State Employment filled by Ex-Offenders
Administrative and Waste Support	157	16,556	0.95%
Construction	265	29,737	0.89%
Accommodation and Food Services	360	45,146	0.80%
Manufacturing	120	19,523	0.61%
Mining	32	6,741	0.47%
Other Services	71	15,893	0.44%
Arts and Entertainment	44	10,483	0.42%
Wholesale Trade	68	16,282	0.42%
Agriculture	16	4,424	0.35%
Retail Trade	194	55,438	0.35%
Real Estate	20	5,994	0.33%
Health Care	108	54,618	0.20%
Transportation and Warehousing	24	13,383	0.18%
Information	14	7,828	0.18%
Professional Services	31	17,742	0.17%
Finance and Insurance	21	15,626	0.13%
Utilities	3	3,129	0.10%
Government	28	35,286	0.08%
Education	25	38,336	0.07%
Management of Companies	0	1,045	0.00%
Total	1,597	413,210	0.39%

Source: Montana Dept. of Labor and Industry and Department of Corrections
Prepared by: Montana Dept. of Labor and Industry, Research & Analysis Bureau

offenders were not distributed evenly across Montana's Counties. The continued partnership between the Department of Corrections and the Department of Labor and Industry should allow for more detailed analysis of some of the specific issues raised in this article in the future. Such analysis should help policymakers in their efforts to assure that ex-offenders have opportunities to be self-sufficient once they leave the corrections system.

Figure Two: Percentage of Total Jobs Filled by Ex-offenders released between 2002 and 2004

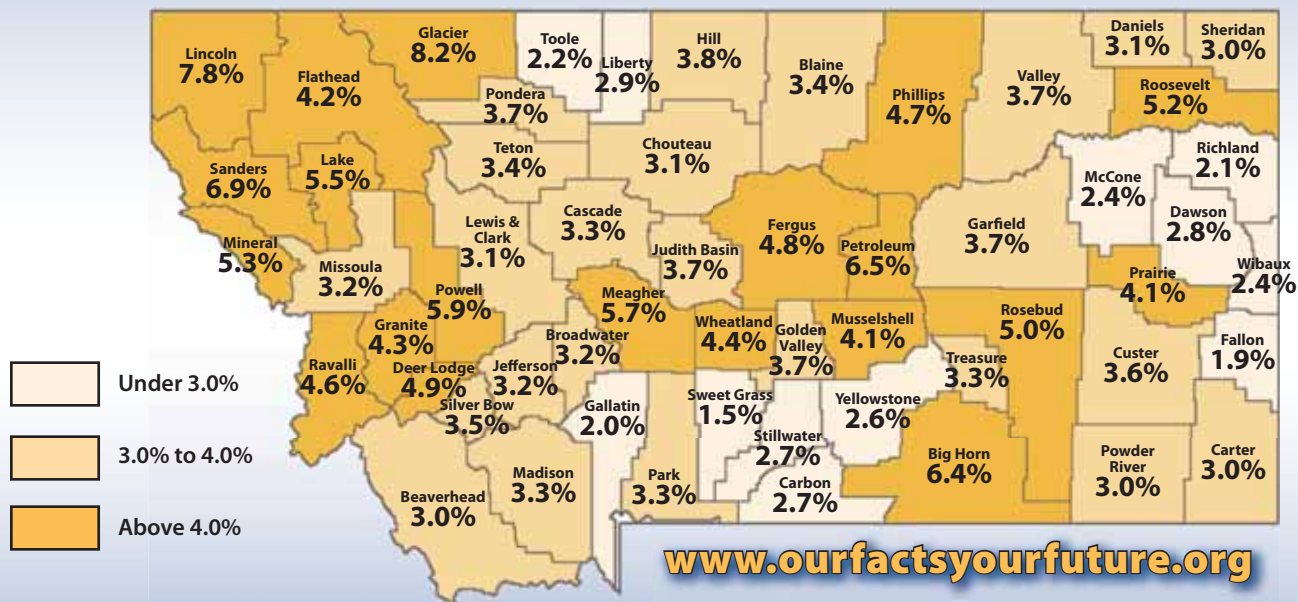


Source: Montana Dept. of Labor and Industry and Department of Corrections

Prepared by: Montana Dept. of Labor and Industry, Research & Analysis Bureau

COUNTY UNEMPLOYMENT RATES (NOT SEASONALLY ADJUSTED)

Montana Average Rate: 3.4%



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